

Computer Business Sciences, Inc.

80-02 Kew Gardens Road, Suite 5000

Kew Gardens, NY 11415

v. (718) 520-6500

f. (718) 520-0783

REC'D TN
REGULATORY AUTH.

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CHIEF OF BUREAU
EXECUTIVE SECRETARY

July 8, 1999

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

99-00440

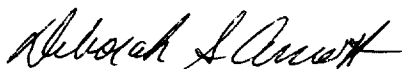
RE: In the matter of the Application of Computer Business Sciences, Inc. For a Certificate of Public Convenience and Necessity to Offer Facilities-Based Local Exchange and Intrastate, Interexchange Telecommunications Services.

The following documentation (1 original and 13 copies) is attached as a supplement to the above-referenced application:

- Notarized Direct Testimony of myself
- List of states in which Computer Business Sciences, Inc. already has similar approvals
- 3 year projections on cost of equipment in the State of Tennessee
- Management Team resumes
- Press Release affirming a \$20,000,000 financing arrangement with institutional investors
- Small and Minority Owned Business Plan
- Toll Dialing Parity Plan
- Notarized Verification by a Senior Officer of the Company
- Guarantee Letter signed by CFO of Fidelity Holdings, Inc.
- Additional Letter explaining forthcoming financing

Please also be advised that I have served Notice of the Application on the list of ILECs Certificated in Tennessee (Facilities-Based) as of July 7, 1998.

Respectfully submitted,



Deborah S. Arnott
Regulatory Administrator

DIRECT TESTIMONY OF DEBORAH S. ARNOTT

1. Q. Please state your name and business address.

A. My name is Deborah S. Arnott My business address is Computer Business Sciences, Inc., 80-02 Kew Gardens Road, Suite 5000, Kew Gardens, NY 11415.

2. Q. What is your position with Applicant?

A. I am the Regulatory Administrator of Computer Business Sciences, Inc. (hereinafter CBS).

3. Q. What are your principal responsibilities with Applicant?

A. My principal responsibilities with CBS include responsibility for the day to day operations of CBS. I am also responsible for ensuring that CBS meets all regulatory and legal requirements.

4. Q. Please summarize your educational background.

A. I have a B.M. degree from Ohio University and an M.M. degree from the Manhattan School of Music.

5. Q. Please describe your early professional and business experiences.

A. Before joining Computer Business Sciences, Inc. as Regulatory Administrator in 1997, I worked as Compliance and Marketing Administrator for over eight years for Chase Manhattan Futures Corporation in Manhattan, where I handled the regulatory and marketing issues with regard to the Private Placement Fund. Previous to my work for Chase, I have ten years of administrative experience with other firms, including Mitsubishi Corporation; Republic, Hogg, Robinson of New York; and Colbert Artists' Management, Inc.

6. Q. What is the purpose of your testimony in this proceeding?

A. I am offering testimony in support of CBS' application for a Certificate of Public Convenience and Necessity to provide local exchange services in the LATA exchanges currently served by Bell South in the areas of Memphis and Nashville, Tennessee, as well as Interexchange Services.

7. Q. Please summarize the main subject areas addressed in your testimony.

A. My testimony focuses on the following areas which may be of concern to the Tennessee Regulatory Authority, most of which have been addressed in our initial application.

- (a) A description of CBS' technical, managerial, and financial qualifications to provide telecommunications services in Tennessee
- (b) The benefits to the public and the industry, and a description of the general types of services CBS proposes to offer in Tennessee; and
- (c) An explanation of CBS' compliance with applicable regulations pertaining to certified communicatively impaired (hearing and voice impaired) telecommunications service and 9-1-1 emergency telecommunications service.

8. Can you describe the technical aspects and services of the applicants proposal in its application?

A. Yes. CBS plans to initially offer local exchange services to customers located in the Greater Nashville and Memphis Areas. Services shall include, but will not be limited to:

- (i) local exchange access services to single-line and multi-line customers at various points throughout the State of Tennessee.
- (ii) Local exchange usage services to customers of CBS' end-use access services; and
- (iii) Switched carrier access services to other common carriers.

These services will be offered through dial-tone access to the switched public telecommunications network and are likely to be equipped with various additional features and functions. Specifically, CBS intends to initiate local service by offering the following local exchange access services under a competitive tariff classification:

- (i) basic lines – two way local lines and trunks
- (ii) dual party relay service
- (iii) 9-1-1 Emergency Services; and
- (iv) directory assistance and operator assisted calls

9. Q. Can you please elaborate on the access and routing of these services?

A. Yes. CBS intends to offer switched carrier access for telecommunications traffic between CBS customers and users of other telecommunications systems. This would include terminating access to enable other common carriers to terminate traffic through end-user access services offered by CBS. Also, originating access would be included to allow CBS customers to access the interLATA, interstate, and international calling services. All of the services will be ubiquitous and seamless to users of the CBS system. Also, CBS intends to offer bundled services on-net to small business and residential customers, which will include local exchange dial tone, long

distance, high speed internet, XDSL, and soon multimedia capabilities such as video-conferencing and cable TV. CBS is purchasing an OC3 Ring which will be brought to an outside plant which will facilitate our abilities to provide interexchange services as well as local exchange services.

10. Q. Does Applicant possess sufficient managerial and technical resources and qualifications to provide all of the services requested in its Application to provide local basic exchange services in Tennessee?

A. Yes. The senior management at CBS have great depth in the telecommunications industry and offer extensive technical and managerial expertise to CBS pertaining to the telecommunications business. I believe that CBS has the technical and managerial qualifications to offer local exchange telecommunications services in Bell South Tennessee's service territory.

11. Q. Does Applicant possess the requisite financial qualifications and resources to offer telecommunications services in Tennessee?

A. Yes. In evidence of CBS' financial ability to provide proposed services, we have submitted recent financial statements in our initial application as well as a Guarantee Letter by its Parent Company, Fidelity Holdings, Inc., to provide unconditional funding for this

project for the next 3 years. CBS intends to use existing sales forces as well as hiring a sales staff in the State of Tennessee to market the proposed services.

12. Q. What facilities will CBS use to provide the proposed telecommunications services in Tennessee?

A. CBS plans to provide local exchange services through a combination of co-location facilities with Bell South and CBS' own facilities.

Q. Is Applicant's Application consistent with serving the public interest in the provision of telecommunications customers?

A. Absolutely. Granting this certificate is in the public interest because residential and business consumers of telecommunications services in the Tennessee service territories will receive increased choice, improved quality of service, and greater opportunities to obtain improved technology in their homes and business. Market incentives for new and old telecommunications providers in Tennessee will be greatly improved through an increase in the diversity of suppliers and competition within the local exchange telecommunications market. Consistent with the 's intent to aid in the development of a competitive telecommunications environment in Tennessee, the granting of a certificate of public convenience and necessity to provide local exchange and interexchange service will offer increased efficiency to

the State's telecommunications infrastructure through greater reliability of services and an increase in competitive choices.

13. Q. Will Applicant handle 9-1-1 emergency telecommunications service traffic in the affected areas pursuant to TRA regulations?

A. Yes. CBS will negotiate arrangements with Bell South to route the traffic through the LEC's existing tandem switches serving each Public Safety Answering Point ("PSAP"). Upon CBS obtaining additional facilities, CBS will route 9-1-1 traffic through the local switches so that the traffic is routed in the same manner as the incumbent LEC's 9-1-1 traffic. CBS intends to comply with all the applicable laws and regulations. Moreover, Automatic Number Identification ("ANI") and Automatic Line Information ("ALI") will be routed along with the call. Also, CBS will be able to route 9-1-1 traffic to one or more PSAP through direct trunks that CBS plans to install. Overall, 9-1-1 traffic will be routed and will meet all Authority requirements. All customers will receive the same delivery of ANI and ALI and the design of the 9-1-1 system standards that exist in Bell South's system. Finally, CBS intends to develop procedures to secure the accurate transition of collection and disbursement of 9-1-1 surcharges and network changes that are transparent.

14. Q. Will Applicant provide basic local exchange and toll services in keeping with the Authority's Rules.

A. Yes. CBS, in compliance of the Authority's Rules, as a provider of basic local exchange service, will offer additional services to its customers including: lifeline service; services for the deaf, hard of hearing, and speech-impaired; intraNPA directory assistance service, free telephone directories, free 900 prefix calling blocking; basic local exchange service options for residential customers, including a minimum of 400 calls for a flat monthly rate; handicapped persons voluntarily providing services specified in Act 179 and emergency or 9-1-1 service.

15. Q. Does Applicant intend to follow the requirements of the TRA pertaining to certified communicatively impaired telecommunications services?

A. Yes. CBS intends to implement the requirements of the TRA pertaining to certified communicatively impaired telecommunications services.

16. Q. Does Applicant intend to comply with the Minimum Telephone Service Standards set forth by the TRA?

A. Yes. CBS intends to provide the services described above in compliance with the TRA standards and applicable regulations. Moreover, the competitive nature of the telecommunications industry

in Tennessee today demands that telephone service be offered in a superior quality to that of our competitors.

17. Q. Does this conclude your direct testimony?

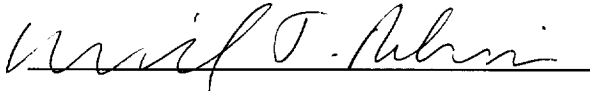
A. Yes it does.



Deborah S. Arnott
Regulatory Administrator

Subscribed and sworn to before

Me this 22nd day of July, 1999



Notary Public

Nassau County

My Authority expires:

MICHAEL J. ROBINSON
Notary Public, State of New York
No. 02RO0023300
Qualified in Nassau County
Term Expires April 19, 2001

**COMPUTER BUSINESS SCIENCES, INC. HAS ACHIEVED CLEC APPROVAL
FOR LOCAL EXCHANGE AND INTRASTATE, INTEREXCHANGE
AUTHORITY IN THE FOLLOWING 8 STATES/COMMONWEALTHS:**

New York
California
Illinois
Florida
Pennsylvania
Ohio
District of Columbia
Texas

With applications pending in 19 other states.

**3 YEAR PROJECTIONS ON EQUIPMENT IN THE STATE OF TENNESSEE
FOR THE COMPUTER BUSINESS SCIENCES, INC. PROJECT OUTLINED IN
ITS APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY**

| | Per City |
|--------|----------------|
| Year 1 | \$ 206,666.00 |
| Year 2 | \$1,033,333.00 |
| Year 3 | \$2,266,666.00 |

The equipment will be Cisco Routers and Switches. CBS has a strong leasing arrangement with Cisco systems, details of which must be kept confidential.

Reminder: the cities CBS plans to deploy in are Nashville and Memphis.

Management Team Resumes

Kimberly Peacock

Current Position & Status:

Kimberly is the Chief Technology Officer of Fidelity Holdings (FDHG) and Computer Business Sciences, Inc. (CBS) since July 1997 and President of IG2, Inc., its main technology division since November 1998. IG2, via its multimedia network platform, was formed to provide to residential and small business customers high speed Internet Access, eCommerce capabilities, local, and long distance telephone service, television quality video conferencing and television programming, all through existing telephone wires already installed in the customer's home. She is supported by a team of technical directors recruited from Stanford University and MIT who are world leaders in their areas of expertise.

Professional Background Summary:

Kimberly studied Medical Technology at Eastern Technical School and at Stanford University where she majored in Biochemistry. She has actively been involved with computer technology and the Internet since 1979 to present. In 1991 she left Stanford and decided to further her interests in telecommunications and the Internet. She became a member of the ISOC and the IETF in 1991. From 1992 to 1997 Ms. Peacock served as a consultant for many companies on the Internet and in Telecommunications. The following is an abbreviated list: GE Comstor, GE Ameridata, BrookeHill Equities, Kornreich and Kornreich Insurance Company, NBC local NY Affiliate under then President Pierson Mapes, Absolute Managers LTD, and Bellcom Inc. (an International Telecommunications company specializing in the Eastern Block). In addition Kim has consulted and given numerous presentations to many private ventures involved with the Internet and telecommunications.

Current Interests & Research

Kimberly is involved with the IETF, ISOC, and the Internet Generation Two project. She has a broad range of knowledge, which encompasses ATM networks, XDSL technology, Multimedia networking, and telephony. In addition her hobbies and research interests include Fiber- Optic networking, lasers, distributed computing, artificial intelligence, optical data storage, microwaves communications, nanotechnology, and molecular biology as well as distance learning. She is a strong advocate of Harvard's business model "Enterprise for the 21'st Century."

Bruce A. Hall - Vice President/Chief Operations Officer

Mr. Hall joined the company as Vice President and Chief Operations Officer in December 1997. Prior to this, Mr. Hall spent almost 30 years in the Telecommunications Industry with Bell Atlantic. He served in many capacities including Vice President of sales with NYNEX Business Information Systems and most recently as Director of Operations for Queens.

Educational Summary

Harvard University, 1992, Five Force Competitive Analysis with Michael Porter.
Boston University, 1971-1973, Major in Business Administration
Elmira College, 1968-1970, Major in Business Administration

American Industrial College, 1966-1968, Major in Business Administration
Wentworth Institute, 1963-1965, Electrical Engineering

Professional Background Summary **Computer Business Sciences** – Director-Operations; Chief Operating Officer. Manages all facets of International and Domestic long distance reseller business including maintenance, sales, marketing and customer care for a \$10 million dollar business operation. Directs the management of all maintenance and installation of Computerized Network Monitoring System (CNMS) providing 7x24 coverage. Negotiates rates and specialized customer contracts. Assisted in the development of the business plan for provisioning and local telephone service through XDSL technology. Assisted in the development of and made business plan presentation to large investment brokerage firms.

NYNEX /Bell Atlantic, New York - Director of Operations. Managed installation and maintenance organization including Network Management for over 1 million subscribers in Queens, NY. Chaired Business Planning Committee with emphasis on competition and market distinction. Designed and implemented strategy to increase sales and customer service for NYNEX Customer Attitude Survey and customers. Acted as primary interface with the Queens' Customer Advisory Board. Managed operating budget of \$60 million.

NYNEX Business Information Systems Company - Assistant Vice President Managed Sales and Customer Support organization marketing voice products and services to Fortune 500 accounts throughout the Northeast Region. Developed and managed new business channels generating revenues in excess of \$80 million with net profit contribution of 28%. Controlled an expense budget of \$80 million. Received Chairman's Club and President's club Awards for exceeding revenue goals.

NYNEX Business Information Systems Company - Director of Sales and Sales Support Managed Sales and Sales Support organization marketing personal computers, peripherals and services to Fortune 1000 accounts and affiliate companies. Generated revenues of over \$40 million with a net profit contribution of 24%. Controlled an expense budget of \$20 million.

Earlier positions, previous to those described above were also directly involved with marketing and sales in the telecommunications industry.

Doron Cohen

Doron Cohen is currently President of Fidelity Holdings, Inc., the parent company of Computer Business Sciences, Inc. and the second largest stockholder in the Company. He is also President and CEO of Computer Business Sciences, Inc. and oversees its day-to-day operations as well as the procurement of funding for the Company. Mr. Cohen began Fidelity with an investment of \$50,000 in October of 1995, along with Bruce Bendell, Chairman of Fidelity, and today this company is a \$200 million operation.

Previous to his work with Fidelity and CBS, Mr. Cohen was President and Chief Executive Officer of Holtzman Enterprises, a construction and interior design company, from 1991 to 1995.

On the technical side, Mr. Cohen's most relevant experience was as a "professional" officer in the Israeli Defense Forces (IDF – their Army). Details are necessarily limited as most of this information

is classified. He was a member of the Technical Division and managed numerous personnel and multiple millions of dollars worth of high-tech equipment acquisitions and operations.

Richard L. Feinstein

Mr. Feinstein was promoted to Senior Vice President/Finance/Chief Financial Officer of Fidelity and Computer Business Sciences, Inc. in January of 1998. From 1994 to 1997, Mr. Feinstein maintained his own financial and management consulting practice.

From 1989 to 1994, Mr. Feinstein served as Managing Director and Chief Financial Officer of Employee Benefit Services, Inc.

From 1978 to 1989, Mr. Feinstein was a partner in KPMG Peat Marwick, and a predecessor firm.

Education: Mr. Feinstein graduated from Pace University in 1967 with a BBA in Accounting Practice and is a Certified Public Accountant.

Question: How low should your APR be?

My Visa card's APR should be...

[[Business](#) | [US Market](#) | [By Industry](#) | [IPO](#) | [AP](#) | [S&P](#) | [International](#) | [PRNews](#) | [BizWire](#) | [CCN](#)]

Thursday June 24, 1:57 pm Eastern Time

Company Press Release

Fidelity Holdings Enters Into \$20 Million Equity Financing Agreement

Closes On First \$6 Million Tranche

KEW GARDENS, N.Y.--(BUSINESS WIRE)--June 24, 1999--Fidelity Holdings, Inc. (NASDAQ:FDHG - news) today announced that the Company entered into a \$20 million equity financing agreement provided by institutional investors. The financing consists of three tranches, the first \$6 million of which has been funded, with the final two tranches dependent upon certain performance criteria. Specific terms of the transaction were not disclosed.

A portion of the funds will be utilized to pay down substantially all of the debt incurred in a previously announced (January 1999) floating convertible debenture, as provided for in that Agreement. Additionally, this equity infusion will provide the requisite funds to continue Major Automotive's aggressive regional acquisition strategy, which has been key to the Company's strong performance, demonstrated in Fidelity's fiscal 1998 results, as well as continue to mature the Technology Division as the Company explores various options for the division's future.

"The Company is pleased to have closed this transaction which allows Fidelity to concurrently retire debt and presents the Technology Division including IG2, Inc. the means to explore new possibilities and opportunities. With our newly approved CLEC (Competitive Local Exchange Carrier) licenses, we continue to reach our targets and goals," stated Doron Cohen, President.

Bruce Bendell, Chairman, concluded, "This is an important financing for the Company which provides access to funds to greater enhance Major Automotive's market penetration. The Company is one step closer to achieving its long-term financing and strategic objectives. Finally, the three tranches are advantageous to Fidelity in that they provide the Company the opportunity to take advantage of favorable market conditions while allowing flexibility, if objectives are met, in the timing of additional tranches and avoiding significant dilution that would affect our shareholders."

Fidelity Holdings has been a diversified holding company that utilizes information and technology to target industries experiencing consolidation and/or deregulation. The Company has operated two divisions - Automotive and Technology. The Automotive Division operates through Major Automotive Group, a leading consolidator of automotive dealerships in the New York Metropolitan area. The Technology Division operates under Computer Business Sciences and IG2, Inc. subsidiaries, and its plastics subsidiary.

Fidelity Holdings, Inc. is presently exploring the divestiture of its non-automotive activities by way of sale, merger, consolidation or other opportunities. Accordingly, all such non-automotive activities have been classified as discontinued operations in the financial statements.

The information contained in this press release, including any "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 contained herein, should be reviewed in conjunction with the Company's annual report on Form 10-KSB and other publicly available information regarding the Company, copies of which are available from the Company upon request. Such publicly available information sets forth many risks and uncertainties related to the Company's business and such statements, including risks and uncertainties related to that are unpredictable and outside of the influence and/or control of the Company.

Contact:

DeMonte Associates
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COMPUTER BUSINESS SCIENCES, INC.

**SMALL AND MINORITY-OWNED
TELECOMMUNICATIONS BUSINESS
PARTICIPATION PLAN**

Pursuant to T.C.A. § 65-5-212, as amended, Computer Business Sciences, Inc. ("CBS") submits this small and minority-owned Telecommunications business participation plan (the "Plan") along with its Application for a Certificate of Public Convenience and Necessity to provide competing intrastate interexchange and local exchange services in Tennessee.

1. PURPOSE

The purpose of Section 65-5-212 is to provide opportunities for small and minority-owned businesses to provide goods and services to Telecommunications service providers. CBS is committed to the goals of Section 65-5-212 and to taking steps to support the participation of small and minority-owned Telecommunications businesses in the Telecommunications industry. CBS will endeavor to provide opportunities for small and minority-owned Telecommunications businesses to compete for contracts and subcontracts for goods and services. As part of its procurement process, CBS will make efforts to identify and inform minority-owned and small businesses that are qualified and capable of providing goods and services to CBS of such opportunities. CBS's representatives have already contacted the Department of Economic and Community Development, the administrator of the small and minority-owned Telecommunications assistance program, to obtain a list of qualified vendors. Moreover, CBS will seek to increase awareness of such opportunities so that companies not otherwise identified will have sufficient information to participate in the procurement process.

DEFINITIONS

As defined in Section 65-5-212:

Minority-Owned Business. Minority-owned business shall mean a business which is solely owned, or at least fifty-one percent (51 %) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls daily operations of such business, and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars (\$4,000,000).

Small Business. Small business shall mean a business with annual gross receipts of less than four million dollars (\$4,000,000).

II. ADMINISTRATION

CBS's Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting CBS's full efforts to provide equal opportunities for small and minority-owned businesses. The Administrator of the Plan will be:

Deborah S. Arnott
Regulatory Administrator
Computer Business Sciences, Inc.
80-02 Kew Gardens Road, Suite 5000
Kew Gardens, New York 11415
Tel: (718) 520-6500
Fax: (718) 520-0783

The Administrator's responsibilities will include:

- (1) maintaining an updated Plan in full compliance with Section 65-5-212 and the rules and orders of the Tennessee Regulatory Authority.
- (2) establishing and developing policies and procedures necessary for the successful implementation of the Plan.
- (3) preparing and submitting such forms as may be required by the Tennessee Regulatory Authority, including the filing of required annual updates.
- (4) serving as the primary liaison to and cooperate with the Tennessee Regulatory Authority, other agencies of the State of Tennessee, and small and minority-owned businesses to locate and use qualified small and minority-owned businesses as defined in Section 65-5-212.
- (5) searching for and developing opportunities to use small and minority-owned businesses and encouraging such businesses to participate in and bid on contracts and subcontracts.
- (6) providing records and reports and cooperate in any authorized surveys as required by the Tennessee Regulatory Authority.
- (7) establishing a record-keeping system to track qualified small and minority-owned businesses and efforts to use such businesses.

- (8) providing information and educational activities to persons within CBS and training such persons to seek out, encourage, and promote the use of small and minority-owned businesses.

In performance of these duties, the Administrator will utilize a number of resources, including:

Chambers of Commerce
The Tennessee Department of Economic and Community Development
The United States Department of Commerce
Small Business Administration
Office of Minority Business
The National Minority Supplier Development Counsel
The National Association of Women Business Owners
The National Association of Minority Contractors
Historically Black Colleges, Universities, and Minority Institutions

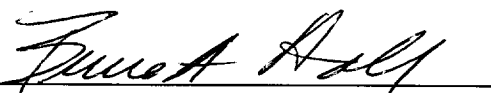
The efforts to promote and ensure equal opportunities for small and minority-owned businesses are primarily spelled out in the Administrator's duties above. Additional efforts to provide opportunities to small and minority-owned businesses will include offering, where appropriate and feasible, small and minority-owned businesses assistance with technical, insurance, bonding, licensing, production, and deadline requirements.

III. RECORDS AND COMPLIANCE REPORTS

CBS will maintain records of qualified small and minority-owned business and efforts to use the goods and services of such businesses. In addition, CBS will maintain records of educational and training activities conducted or attended and of the internal procurement procedures adopted to support this Plan.

CBS will submit records and reports required by the Tennessee Regulatory Authority concerning the Plan. Moreover, CBS will cooperate fully with any surveys and studies required by the Tennessee Regulatory Authority.

COMPUTER BUSINESS SCIENCES, INC.

By: 
Bruce A. Hall
Vice President/Chief Operations Officer

Dated. July 7, 1999

**IntraLATA Toll
Dialing Parity
Plan**

Computer Business Sciences, Inc.

June 8, 1999

1. Purpose

In accordance with the TRA, Computer Business Sciences, Inc. (CBS) has described herein the process for implementing Intralata Toll Dialing Parity in the CBS exchanges located in the state of Tennessee in CBS's LATA (Plan). The intent of this Plan is to provide a proposal that, upon implementation, would provide customers the ability to select the telecommunications carrier of their choice for routing their intraLATA toll calls.

II. IntraLATA Environment

CBS customers in Tennessee in the CBS LATA will be able to dial seven digits to complete local exchange or intraLATA toll calls. The scheduled date for implementation of toll dialing parity should not change this dialing pattern. After upgrading switch technology and software configurations, seven-digit dialed numbers that are intraLATA toll calls should be prefixed with the area code before being transmitted to the carrier. This prefixing should allow carriers to receive a seven-digit dialed intraLATA toll number as a complete ten digit number.

CBS will maintain taxcode billing tables to identify "free county-wide" intraLATA toll calls originated by CBS intraLATA toll customers and to ensure that billing does not occur on these calls. CBS will process toll-free intraLATA county-wide calls in this manner for its intraLATA toll customers after implementation of intraLATA toll dialing.

III. Implementation Schedule

CBS will offer dialing parity for intraLATA toll in the same exchanges as those of Bell South in the Nashville and Memphis areas of Tennessee approximately ninety days after the approval of its Application. Exchange exchange codes can be found in CBS' Tariff No. 1, already filed with the Tennessee Regulatory Authority.

IV. Carrier Selection Procedures

CBS will implement the full 2-PIC (Primary Interexchange Carrier) carrier selection methodology. With the full 2-PIC methodology, customers will be able to presubscribe to one telecommunications carrier for interLATA toll calls and presubscribe to the same or a different participating telecommunications carrier, including their existing local exchange company, for all intraLATA toll calls. Orders for changes will be accepted and processed beginning on the implementation date.

CBS employees who communicate with the public, accept customer orders, and serve in customer service capacities will be trained to explain the process to customers for making PIC changes for intralata toll calls. Business Office personnel will be prepared to make changes in customer records based upon requests from customers or carriers and direct customers to their chosen intraLATA carriers. Processes will be in place to provide new customers with an opportunity to choose their intraLATA toll carrier from a list of available carriers.

Existing Customers

Currently, CBS has not begun deploying its services in the State of Tennessee and therefore has no existing customers in this state. On the date in which intraLATA toll presubscription is implemented in Tennessee, customers may presubscribe to CBS or any telecommunications carrier offering intraLATA toll service in their exchange. Customers will remain with CBS until they affirmatively choose an intraLATA toll carrier. Customers may make this selection through their own initiative or as a result of the promotional marketing activities of participating intraLATA toll telecommunications carriers. Customers may communicate their choice of carriers directly to CBS, as their local exchange service provider, through the local Business Office or indirectly through their selected carriers.

Customers will be assessed a cost-based PIC change charge per CBS's tariff for changing their IntraLATA carrier. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose the same carrier for both jurisdictions, only one charge will be assessed. When customers request a change in their interLATA and intraLATA carriers during one contact with the Business Office and choose different carriers for each jurisdiction, two charges will be assessed.

For a waiver period of 90 days from implementation, customers will not be assessed an intraLATA PIC change charge for their initial intraLATA toll carrier choice. During the 90-day waiver period, a charge of one-half of the interLATA PIC change charge will be assessed when the intraLATA and interLATA carriers are changed to the same carrier during one contact with the Business Office. Only the interLATA charge will be assessed when the intraLATA and interLATA carriers are changed to different carriers during one contact with the Business Office during the waiver period.

A charge will be established for "slamming" or unauthorized PIC changes submitted by carriers or CBS for end-user customers. CBS will be subject to the rules related to slamming as indicated in Tennessee Regulatory Authority Rule 1220-4-2-.56, Sections (2)-(6).

New Installation Customers

Customers who contact CBS requesting new telephone exchange service will be provided a list of telecommunications carriers available to provide interLATA toll service. Upon implementation of intraLATA toll presubscription, the customer will be provided a second list of carriers, including CBS, that provide intraLATA toll service in their exchange. The list of intraLATA toll carriers will be presented in a competitively neutral manner. Customers who do not make a positive choice for an intraLATA toll carrier will be identified within CBS's system as a "noPIC" and will not be automatically defaulted to a carrier. Customers identified as "noPIC" within CBS's systems will be required to dial I 0XXX to place intraLATA toll calls until they make an affirmative choice for an intraLATA toll carrier.

V. Customer Education/Notification

Customers will receive information explaining their opportunity to select an intraLATA carrier a minimum of 30 days in advance of the offering of intraLATA toll dialing parity via a bill message. In addition, during the 30 days following implementation of intraLATA Dialing Parity, customers will receive a bill insert also explaining their opportunity to select an intraLATA carrier. CBS anticipates that promotional strategies by carriers will contribute to customer awareness of intraLATA toll dialing

parity. Customer telephone directories will be updated as new editions are published to reflect the opportunity for customers to choose an intraLATA toll carrier.

VI. Carrier Notification

Current interexchange carriers will be notified of CBS's intraLATA toll dialing parity implementation via letter approximately 90 days in advance of the proposed implementation date. Carriers should provide a list of exchanges in which they plan to offer intraLATA toll service at least 60 days in advance of CBS's implementation date. CBS needs notification in advance to include the carrier on the list of participating carriers in each CBS exchange. Certified carriers who enter the market after implementation will be added to the list of participating carriers within 30 days of notifying CBS.

CBS will provide subscriber listing information to carriers in "readily accessible" tape or electronic formats in a timely manner as requested through the processes that currently exist for the interLATA market. The process includes subscriber listing updates to carriers for new customers who choose that carrier or for existing customers of a carrier who revise their subscriber listing information. In addition, carriers can obtain complete subscriber listings in several formats. The provision of this information is in compliance with FCC Order No. 96-333, Paragraph 389.

CBS will comply with Part 5 1, Sections 305, 307, 325, 327, 329, 331,333 and 335 of the FCC Order in providing the required information and notice to the public of network changes. CBS plans to file a public notice with the FCC, with possible migration of the notice to the Internet process as described in Section 329. The notice will include network information as outlined in Section 327. The notice will be provided within the time frames described in Sections 331-333.

VII. Access to Operator Services and Directory Assistance

Access to Operator Services and Directory Assistance will continue to be available through the customer's local exchange carrier or interLATA carrier. No industry standard has been established for access to Operator Services and Directory Assistance unique to the intraLATA carrier. For Operator Services, customers dial "0" to reach their local exchange operator and "00" to reach their interLATA operator. For Directory Assistance, customers dial "1-411" in CBS's territory for accessing the local exchange Directory Assistance and customers dial "I-NPA-555-1212" for accessing their interLATA carrier's Directory Assistance.

The local and interLATA Operator Services and Directory Assistance may be branded by the local and interLATA carriers, as appropriate, based on-the dialing pattern of the end user. Since no unique intraLATA dialing pattern currently exists in the industry, CBS is not capable of identifying intraLATA calls to CBS's local or the IXC's interLATA operators or directory assistance representatives. As such, this procedure is considered in compliance with FCC Order No. 96-333, Rule 51-217(d).

VIII. Cost Recovery

As stated in section 51.215 of FCC Order 96-333, CC Docket No. 96-98, "a LEC may recover the incremental costs necessary for the implementation of toll dialing parity. The LEC must recover such costs from all providers of telephone exchange service and telephone toll-service in the area served by the LEC, including that LEC."

The incremental costs associated with implementing toll dialing parity by CBS include:

- 1) network hardware upgrades to provide the full 2-PIC methodology in all exchanges
- 2) central office software upgrades
- 3) software translations
- 4) system programming/testing
- 5) training for Business Office, Marketing, Carrier Services, Customer Services, and Service Center personnel
- 6) customer notification (bill message and bill insert)
- 7) implementation activity
- 8) PIC Change Charge Waiver

For items 1-7 above, CBS proposes to recoup the incremental cost of implementing intraLATA toll dialing parity over a period of 4 years beginning on the date of implementation. For items 1-7 above, a cost recovery per minute rate will be developed based on the identified cost divided by the total of all carrier's originating intraLATA minutes of use, which will include CBS's intraLATA toll minutes.

The incremental cost of the-PIC Change Fee Waiver (item 8 above) will be calculated in one month after deployment as follows:

- 1) Number of PIC Change Fees Waived during the waiver period
- 2) Multiplied by the cost of a PIC Change as reflected in the cost study information accompanying CBS's Tariff Filing to establish a PIC Change Charge.
- 3) Divided by the minutes-of-use forecasted for the remaining three-and-one-half years of the recovery period (using the same forecast as Attachment B).

The result will be an amount to be added to the IntraLATA Carrier Common Line Rate beginning the following month for the remaining three-and-one-half years of the recovery period in addition to the to-be-established rate

To minimize billing costs, CBS proposes to bill this cost recovery per minute rate as an adder to the IntraLATA Carrier Common Line originating minutes rate element. The components of the Carrier Common Line rate element will be identified separately in the tariff. Carriers who enter the market after implementation will be assessed the adder in the same manner as other competing carriers.

VERIFICATION

State of New York
County of Queens

I am authorized to represent Computer Business Sciences, Inc. and to make this verification on its behalf. The statements in the foregoing application and exhibits are true and correct to the best of my knowledge, information and belief.

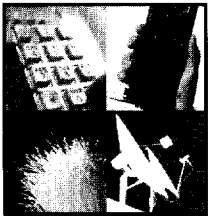
BY: Bruce A. Hall
NAME: Bruce A. Hall
TITLE: Vice President/Chief Operations Officer
DATE: 6/10/99

Sworn to and subscribed before me, the undersigned authority in and for the jurisdiction aforesaid, the within named Bruce A. Hall, this 6th day of June, 1999.

Michael J. Robinson

My Commission expires: _____

MICHAEL J. ROBINSON
Notary Public, State of New York
No. 02RO0023300
Qualified in Nassau County
Term Expires April 19, 2001



FIDELITY HOLDINGS, INC

80-02 Kew Gardens Rd.,
Suite 5000
Kew Gardens
New York 11415

Tel: 718.520.6500
Fax: 718.793.4830

E-mail: info@talkie.com
FDHG-NASDAQ

July 7, 1999

Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

Attention: Mr. Roger Knight

Via Overnight Mail

RE: In the Matter of the Application of Computer Business Sciences, Inc.
Application for a Certificate of Public Convenience and Necessity to Offer
Facilities-Based Local Exchange and Intrastate, Interexchange
Telecommunications Services in the State of Tennessee

Dear Mr. Knight:

This is a formal acknowledgement of Fidelity Holdings, Inc.'s intention to provide full financial support to the operations of Computer Business Sciences, Inc. as it conducts its business in the State of Tennessee.

The commitment by Fidelity is unconditional for a minimum time period of the first three years of Computer Business Sciences, Inc.'s operations in the State of Tennessee.

Sincerely,

Richard L. Feinstein
SVP-Finance/Chief Financial Officer

Computer Business Sciences, Inc.

80-02 Kew Gardens Road, Suite 5000

Kew Gardens, NY 11415

v. (718) 520-6500

f. (718) 520-0783

July 8, 1999

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: In the matter of the Application of Computer Business Sciences, Inc. For a Certificate of Public Convenience and Necessity to Offer Facilities-Based Local Exchange and Intrastate, Interexchange Telecommunications Services.

EXPLANATION OF FORTHCOMING FINANCING

Fidelity Holdings, Inc., (Fidelity) parent company to Computer Business Sciences, Inc. (CBS) is guaranteeing all funding for CBS' provision of services in the State of Tennessee. In addition, the reason for the language in Fidelity's recent annual report which states that Fidelity is "presently exploring the divestiture of its non-automotive activities by way of sale, merger, consolidation or other opportunities" is because it opened Fidelity up to the opportunity to find a utility company (which it has done, but which must remain unnamed until finalization) to become equity partners in CBS. Fidelity currently attributes \$200MM of their market cap to CBS. From this XXX utility company CBS will be given \$30MM in cash and \$70MM in value added services such as customer service and support and dark fiber. We are still working on the closing and believe that this is imminent and will conclude very shortly. Whereas this will make CBS much stronger in its own right financially, we do not believe this is necessary to support our application, since Fidelity has a market cap of over \$300MM and is standing behind CBS as evidenced by its Guarantee Letter which has been supplied to the TRA. CBS has already been approved in 8 other states, so it is our wish to submit our application based on CBS' backing by Fidelity, and as soon as negotiations are concluded with the utility company then we would submit the details of this deal as a further supplement to our Application. We wish to provide you with whatever information you need in order to move CBS forward toward Approval in the State of Tennessee.

Please do not hesitate to contact me for further information at (718) 520-6500 X149.

Respectfully submitted,



Deborah S. Arnott
Regulatory Administrator